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ABSTRACT

The U.S. Government has recognized that literacy, education, and the availability of books are essential for the develcpment of a nation's human and institutional resources. This policy stresses the importance of encouraging book publishing capability in developing countries, and this pamphlet is designed to stimulate the interest of both Americans and leaders in the developing countries by indicating how publishing can be strengthened. The pamphlet specifically guides: (1) officers of the Agency for International Development and other U.S. Government agencies in ways to involve the private sector of American book publishing in implementing the national book policy overseas; (2) the U.S. publishing industry by encouraging increased interest in working with publishers in the less developed world and by helping the U.S. industry to assess opportunities to become involved; and (3) governments and publishers in the developing countries by describing the range of considerations the U.S. Government has in mind as it approaches overseas book problems and the ways in which American publishers might be able to help overcome them. Appendixes list countries in which AID is currently operating and countries or areas with investment guaranty programs. (Author/JB)

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BOOKS FOR DEVELOPING COUNTRIES

A Guide for Enlisting Private-Industry Assistance

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for

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TABLE OF CONTENTS

INTRODUCTION.....i

BOOKS AND NATIONAL DEVELOPMENT
The precise role of books.....1
Indigenous books, translations, original editions..2
Understanding the "book gap".....3

THE NATURE OF BOOK PUBLISHING
The role of the publisher.....5
The publishing functions.....6

HOW DEVELOPING COUNTRIES CAN HELP THEMSELVES
Need for a national policy.....10
Programs to support the policy.....12
Legislation to support the policy.....16

HOW THE PUBLISHER CAN HELP
The situation of the U.S. publisher.....20
Operating in the developing countries.....21
Benefits to the U.S. publisher.....25
Benefits to the developing-country publisher.....27

HOW THE U.S. GOVERNMENT CAN HELP
Locating opportunities in developing countries....30
A. AID Private Investment Center.....30
B. Inter-American Investment Development Center.31
Investment Guaranties.....32
Extended Risk Guaranty Program.....33
Investment loans.....34
A. Local currency loans.....34
B. Dollar loans.....35
Indirect financial assistance.....36

HOW TO EXPLORE BOOK PUBLISHING POTENTIALITIES
Areas to investigate.....39
Next Steps.....41

APPENDIX A: Countries in which AID is currently operating.....42
APPENDIX B: Countries or areas with investment guaranty programs.....43

INTRODUCTION

The printed book remains the basic medium for the presentation and transmission of thought and knowledge. It is increasingly recognized that economic development, not to mention social and political growth, is dependent upon the knowledge and skills of a nation's population and upon the competence and adaptability of their institutions. Literacy, education, and availability of books are essential for the development of these human and institutional resources.

The U.S. Government recognized this important role of books in a national book policy statement approved in January 1967. That policy stresses the importance of encouraging book publishing capability in the developing countries. This pamphlet is published pursuant to that policy and is designed to stimulate the interest of both Americans and leaders in the developing countries. It indicates how publishing can be strengthened so that it, in turn, can support national development.

This publication is directed to officers of the agency for International Development and other U.S. Gov-

ernment agencies. It guides them in ways to involve the private sector of American book publishing in implementing the national book policy overseas. It is designed also to be of assistance to the publishing industry in the U.S. We hope it will stimulate increased interest in working with publishers in the less developed world and be an aid in assessing opportunities to become involved. Finally, we hope this publication will be helpful to governments and publishers in the developing countries. They will find a description of the range of considerations we in the U.S. Government have in mind as we approach overseas book problems and the ways in which American publishers might be able to help overcome them.

A Committee of four leading U.S. publishers and four U.S. government officials, whose names are listed on the title page, convened in New York to work out the content of this brochure. Meeting under the auspices of Franklin Book Programs, Inc., with the assistance of AID Books Officer, John Rothberg, the Committee spent two days preparing this guideline brochure. Franklin Book Programs, Inc., is a non-profit organization with many years of experience assisting the development of

book publishing industries in Asia, Africa, Latin America and the Middle East.

We hope this publication will serve its purpose of stimulating and supporting the growth of publishing in the developing countries.

Rutherford M. Poats
Acting Administrator
Agency for International Development

February 13, 1969

1. BOOKS AND NATIONAL DEVELOPMENT

The precise role of books

The cause of books is so widely espoused that comments on their importance may seem unnecessary. Yet few people, including even ardent book enthusiasts, are fully alert to the special role of books in national development. Indeed, in all countries of the world --developed as well as developing--books serve as essential forces for national development in several important ways.

First, they serve as tools for development of human resources through education and pre-employment training. Every developing country of the world has a desperate need for more and better textbooks, reference books, and other instructional materials suited to the users' particular needs, background, and purchasing power.

Second, books serve as tools for the development of national economic resources. Again every developing country of the world has a desperate need for books suited to local problems of agriculture, commerce, industry, and foreign trade--a need for operating manuals,

how-to-do-it guides, technical handbooks, and practical and professional treatises.

Third, books serve to inform citizens on the political, economic and social affairs of the country.

Fourth, books serve to express and nurture the intellectual, cultural, and spiritual life of a country. This is highly important because the establishment of a recognized national cultural pattern tends to strengthen a country's unity and hence its political and economic stability.

Finally, of all media for education and information, books are the most penetrating and permanent. Radio and TV, though powerful in impact, are of course very ephemeral. Newspapers are here today and gone tomorrow. Magazines are here this month and gone the next. But books, even though battered and frayed, endure year after year.

Indigenous books, translations, original editions

The more indigenous the books are, the better will they serve their purpose. This is especially true of school books and vocational training books.

Yet many developing countries have neither the experienced personnel nor the market resources required to produce indigenous textbooks of quality. Until these resources are fully developed, carefully adapted translations must fill the gap. The same is true of children's books, books for the new-literate adult, and general reference books.

As for university textbooks and professional books in science, engineering, medicine, and management, often even translated editions cannot be supported because markets are too thin. However, some university students and professional practitioners who need these books are able, or may be required, to read them in the original language.

Understanding the "book gap"

In dealing with the "book gap" in developing countries, one must make a clear distinction between the real need and the effective demand for books. To the intelligent but uninformed outsider, the "book gap" seems to be simply a shortage of books. This conclusion has often led to assistance programs designed only to increase the supply of books per se.

Such programs usually have failed because in actual fact the "gap" is between the effective market demand and the real need. In a number of developing countries, the book industry has the capacity to produce very nearly as many books as are needed. The main problem is to stimulate the consumers, both governmental and private, to want and to use more books, and to allocate sufficient financial resources to the purchase of books so as to create effective market demands.

This developmental strategy is possible only through programs and methods that have not often enough been associated with "gap-filling" book production. Publishing skills, facilities, and materials are of little value if supporting markets for the published product are not developed.

2. THE NATURE OF BOOK PUBLISHING

The role of the publisher

It must be emphasized that the essentiality of the publishing functions and their coordination by a publisher are not well enough understood in most developing countries. This lack of understanding, coupled with attempts to dispense with the publisher's central function, has resulted in the sad failure of many book development programs, both governmental and commercial. Hence it seems appropriate here to clarify the role of the publisher. On this subject Datus C. Smith, Jr., former president of Franklin Book Programs, writes as follows:

> Teamwork is needed to produce a book and put it in the hands of readers. Each member of the team has a necessary part to play, and none of them can be eliminated. No matter what stage of development a country may have reached or how simple or complex its economy, four basic elements must exist or be created if there is to be a book industry. The first three elements are easy to understand: the Author who writes the manuscript, the Printer who turns the manuscript into an edition of books, the Bookseller who sells the books thus produced.
>
> But it is the fourth partner who is in the most central position and whose job is least understood by people outside the book field: the Publisher, who is the grand strategist and organizer of the whole undertaking, who brings the three other partners together, and who usually serves as the basic taker of the business

risk of book-publishing.

> The publisher's central position gives him a breadth of view not easily available to the other partners, and an accordingly greater responsibility for vision, imagination, long-term planning, and a spirit of experimentation. If a country lacks a corps of publishers with that spirit, it will continue quietly along in the old grooves of high costs, low sales, inefficient coverage of the market and unimaginative development of editorial projects.*

The publishing functions

The publishing process can be understood only if one understands the four basic publishing functions --editorial, production, marketing, and distribution. Whether a publishing firm is a vast enterprise with a staff of hundreds or a single individual doing it all himself, the success of the enterprise depends on the effectiveness with which all four functions are carried out. Inattention to any one of them nullifies competent performance of the other three.

*Quoted by permission from Datus C. Smith, Jr., A Guide to Book-Publishing. R.R. Bowker, Co., New York and London, 1966

It is the editorial function to procure manuscripts and to prepare them for the printer. This means that authors must be aggressively sought out, contracts must be worked out with them to write books, and manuscripts must be reviewed and evaluated. When the contract has been signed, someone (the editor) must work closely with the author to improve the structure, content, and literary style of the manuscript. Often this editor is concerned also with the selection and procurement of proper illustrations. In the case of textbooks, he may arrange for classroom testing of the manuscript in preliminary form. And often he is responsible for securing copyright for the book on publication.

Finally, to insure accuracy, readability, and correctness of spelling, grammar, punctuation, and usage, the manuscript must be copyedited. Whoever copyedits the manuscript also "styles" it for the printer, that is, he indicates the typeface and size to be used for text, headings, footnotes, etc. Usually he sets the style for the book's index and helps the author to prepare the index copy. Proofreading and make-up of the type page are usually considered part of the editorial function too.

It is the production function to turn the edited manuscript into bound books. This means designing the physical book for general format, type face, cover, and dust jacket; getting the manuscript set in type and managing the flow of proofs to and from the author and copyeditor; overseeing the preparation of engravings and color plates and illustrations; and supervising the printer's work on page make-up, plating, printing and binding. Throughout these steps schedules must be adhered to and quality control must be maintained.

When the book is ready for publication, the marketing function takes over. Here the primary activity is the organized selling of the books to jobbers, retailers, institutions, and individual buyers. Preceding and accompanying this organized selling is a great deal of promotional activity. Publicity releases and advertising copy are prepared for newspapers, literary magazines, and professional journals. Review copies are sent to all publications that might take note of the book. In the case of an educational book, sample copies are distributed to teachers and school administrators.

Finally, the distribution function embraces the so-called customer services--warehousing, billing and shipping.

These services must be organized for quick and efficient shipment of orders, and they must be carefully attuned to the work of the sales staff. Coming at the end of the chain of publishing activity, the distribution function has great importance because slow and inefficient shipment of customers' orders can negate much of the effort that has gone before.

It should be clear that book publishing is an enterprise which requires close attention to infinite details in the production of many new and different products each year. It requires a variety of specialized knowledge and high technical skills. But, most important, it requires general management that is attuned to the intellectual and educational world as well as the commercial world.

For those who wish to become more informed on book publishing, two books are recommended:

Smith, Datus C., Jr., A Guide to Book Publishing, Bowker, 1966. (Cited at the beginning of this section.)

Grannis, Chandler B., What Happens in Book Publishing, Columbia University Press, 2d ed, 1967.

3. HOW DEVELOPING COUNTRIES CAN HELP THEMSELVES

Need for a national policy

Obviously a U.S. publisher would be reluctant to consider a venture in a developing country whose government is indifferent to its own book publishing industry. On the other hand, any government which espoused an active commitment to the development of its own book publishing industry is more likely to attract assistance to that industry by U.S. publishers.

To begin with, a developing country desiring to assure a greater contribution by books to development should promulgate a national policy that recognizes and emphasizes the several basic roles of books in national development as detailed at the beginning of this brochure: namely, as tools for the development of human and economic resources and as media for information and cultural expression. The people of most countries will not appreciate the value and uses of books without guidance and stimulation. Government leadership in the effort is highly desirable.

Behind such a policy should be a clear understanding of the distinction between a publisher (as described

earlier) and a printer. Often public officials, educators, and even authors are inclined to overlook the need for publishing expertise in turning a manuscript into a printed book. Rarely does a printer possess the necessary knowledge and technical skills for the planning, design, and editing processes that combine to produce a professional product--and this is especially so for the production of textbooks, manuals, reference works, and professional books. And rarely does a printer possess the knowledge and facilities required for successful promotion and sale of a book.

Ideally, the national policy should be one that will encourage book publishing as an independent, private-enterprise industry--if not for ideological reasons, then for the same pragmatic reasons for which even highly socialist governments have preferred to leave publishing in private hands: (1) to muster the capital, the skills, and the other resources required to create an adequate book publishing industry is a task that can be undertaken by a government only at the cost of curtailing other vital functions; (2) encouraging the development of a competitive private industry results in a greater variety and freer choice of

books for the country's readers. If a private publisher's warehouse is full of outdated textbooks, the schools may select a more up-to-date book from another publisher.

The substantial engagement of the government as publisher may have a damaging influence on the development of a viable private-enterprise book industry. This is especially true with respect to educational publishing. In developed countries the production of schoolbooks usually is the mainstay of the book publishing industry. Where this important area is preempted by the government, it is very difficult for the country's private industry to support commercial publication of general and professional books alone.

Programs to support the policy

To prevent this policy from becoming merely a catalog of resounding slogans, it is important for a government to show its commitment by deed as well as word. Some steps, discussed later, may require legislative action; but many steps can be taken within the existing authority of responsible ministries. Among

these would be:

A. Reaffirm the high priority of development of the country's educational system. In planning the book component of the system, recognize textbooks as basic tools of instruction and use them as instruments for improving teaching methods and curriculum content. Assess the capacity of students to purchase essential textbooks and the need for measures to assure the availability of textbooks such as free distribution, or subsidies to students or to the individual publisher. Establish institutes and workshops for teachers on the effective use of books in the educational process. Encourage teachers to instill lifetime reading habits in students.

B. Encourage and support the establishment of public, school, industrial, research and other professional libraries. An extensive system of libraries not only serves the readers but provides a basal market for the support of writing and publishing activity. Libraries foster reading, and reading supports writing, publishing and bookselling.

C. Undertake, or support a private-sector undertaking of, a program to identify and measure the need of books in all categories that are important to national development;

then to determine priorities. This can best be done as a joint effort between government and private-sector interests, with educators, librarians, and other professional people having a large part in the undertaking.

D. Encourage and support activities that will make all citizens aware of the importance of books in personal and civic development; e.g., book exhibits, national book awards, national library weeks, reading development conferences, national book development conferences, national and local book fairs, oral readings in libraries and schools, competitive awards for student library collections, etc. Such activities can usually be organized with minimal guidance and support by civic, educational, and professional groups. Literature on the organizations of such programs is available in the U.S. and several other countries.

E. Encourage production of general bibliographies and specialized lists of books in the national language. The infant book industries of many developing countries are further handicapped by inadequate bibliographic services.

F. Encourage the production and use of locally written books designed to meet the needs of the country, es-

pecially vocational textbooks and textbooks in history, geography, government, and literature. To this end a government committed to developing a book publishing industry should provide:

1. Guidance on curriculum structure and content for authors, editors, and publishers.

2. Access to classroom facilities for testing instructional materials in preliminary form.

3. A freely competitive system for the approval and adoption of textbooks in all subjects that support commercial publication.

4. Institutes or workshops for the training of textbook authors, translators, and editors.

5. Subsidies as necessary to produce textbooks in limited-enrollment subjects as well as dictionaries, encyclopedias, atlases, and other reference books that cannot be commercially produced.

G. Encourage the translation and adaptation of foreign-language books in subjects in which the country cannot produce its own. Translations should be arranged on a publisher-to-publisher basis rather than an author-to-translator basis, as the original publisher customarily controls the translation rights, and can usually insure better control of the quality of translated editions. Rights for the production of translated editions in the national languages of most developing countries usually are available at low

cost. Further, this cost usually is not a large fraction of the total cost of producing such editions.

H. Foster the development of an efficient system of book distribution through competent retailers in the major market centers of the country. Rapid and dependable shipping facilities, protection against pillage, regulation of credit and collection procedures, and protection against unfair or illegal trade practices--all are important factors in such a system. Many a worthy book-development program has failed because no attention was given to the need to get published books to where the people can see and buy them.

I. Encourage the organization of national associations of publishers and booksellers for the improvement and self-regulation of their industries. Support the efforts of these organizations to produce meaningful national statistics on book publishing and distribution.

Legislation to support the policy

The foregoing programs are ones which could be carried out by an education ministry or another ministry concerned with the country's cultural welfare. The ini-

tiating officials would probably be educators and hence favorably disposed to such programs, whether or not they did anything to carry them out.

Other steps, however, might require legislative change and are more difficult to effect because the individuals who can initiate them are probably not educators and may be much more concerned with steel mills, cement plants, and fertilizer factories. Nonetheless, it is important that the country's legislators be persuaded of the importance of the following steps:

A. Avoid or minimize duties and other types of restrictions on the import of printing and binding equipment, of paper, ink, and binding cloth. Many developing countries place their publishing and printing industries at a disadvantage by maintaining import duties on the machines and materials needed for local book production, but not on imported books.

B. Provide such financial incentives for the establishment of necessary commercial publishing enterprises as the following:

1. Long-term, low-interest loans by national banks or governmental development corporations to enable publishers to finance large printings that bring down unit costs.

2. Low postal rates for books and other educational and cultural materials.

3. A purchasing policy requiring government agencies to acquire needed books through normal book-trade channels. Any by-passing of such channels is hurtful to the development of a healthy book distribution system.

4. Abatement of taxes, or simplification of the tax structure.

C. Establish and strictly enforce a strong national copyright law. This will stimulate writers, translators, and illustrators by rewarding their creative efforts and protecting the identity and integrity of their works; it will stimulate publishers by protecting their investments in published works. Adherence to the UNESCO Universal Copyright Convention and/or the so-called Berne convention (the International Union for the Protection of Literary and Artistic Works) is desirable from the national point of view and a sine qua non for the participation of the U.S. book industry. No U.S. publisher is likely to invest in a country that fails to protect its own authors and publishers or that allows free-for-all translations of foreign books.

D. Adhere to the Florence Agreement and the Beirut Agreement. The purpose of these two UNESCO trade treaties is the elimination of tariff and other restrictions on

the import of educational materials--audiovisual as well as books and other printed matter. While adherence to these agreements has no direct bearing on indigenous publishing, it indicates the nation's commitment to educational development, and this, or course, is of major importance to the nation's book trade.

E. Ensure reasonable rates of taxation on profits earned on foreign investments, and provide reasonable conditions for the withdrawal of both profits and invested foreign capital. This will enable the country's publishing firms to establish joint-venture operations and other forms of cooperation with publishers in developed countries, bringing considerable benefits to the local book industry.

4. HOW THE U.S. PUBLISHER CAN HELP

The situation of the U.S. publisher

At the outset, it should be recognized that only a few U.S. firms are likely to invest any substantial amounts of time, effort, or money in other-country publishing enterprises. The majority of U.S. publishers find satisfactory markets at home and are not inclined to take the extra time and risks involved even to develop their export market, let alone to engage in foreign publishing--even in other developed countries.

As a consequence, export sales (primarily scientific, technical, and medical books, and low-priced paperbacks and "picture" books) account for only 8% of total annual sales of the U.S. book industry, compared with 43% for Britain and 36% for West Germany, in which countries the situation is "export or die." Moreover, the British publishers, especially, have engaged heavily in other-country publishing.

Since the total annual volume of U.S. book sales --domestic plus export--is roughly six times that of Britian and five times that of West Germany, the volume of U.S. books exported is quite large. But with their

considerably larger domestic market most U.S. publishers have felt little need to look abroad.

This situation has changed somewhat in the past decade. It may change quite rapidly in the next. Certainly there is a growing potential for U.S. publishers in the developing countries--a potential for increased export sales of their U.S. editions, for production and sales of local editions of their titles (translations and reprintings), and for the publishing of completely indigenous books.

Operating in the developing countries

The particular formula under which an American publisher might operate in a developing country will depend on the laws of the selected country, the level of its publishing industry, what the American publisher wishes to do in the country, the amount of risk he is willing to take, and many other considerations. While there are endless variations, there are essentially four patterns a U.S. publisher can follow. He can establish a wholly-owned domestic company with no local participation; a joint-venture company with local participation; a foreign branch; or a partnership or some other kind of

working arrangement with a local publishing organization. Let's consider each of these:

A. Establish a wholly-owned domestic company in the selected country, providing all the capital and management and editorial capability, and assuming all the risks. Under the laws of certain countries, this kind of company is not permitted; in others it is the only way in which an enterprise can be started. It can be the only way in a country with an attractive market potential but no publishing capability and no private capital for investment in book publishing. In other developing countries where there is at least an incipient book industry, the foreign-owned domestic company may be open to attack and discrimination in matters of trade regulations, assessments and taxes.

B. Establish a jointly-owned domestic company in which nationals of the selected country own a part of the stock. In many countries this is the best way, and usually it is the best for textbook publishing. As a practical matter, it can provide local defense against the attacks and discriminations mentioned above. In most countries, the nearer the ownership is to 50-50%, the more satisfactory it is to the national interests. In certain

countries only minority ownership by foreign interests is permitted by law.

C. Establish a foreign-branch operation, which usually must operate without certain important benefits and protections that domestic companies enjoy. In some countries, this disadvantage may be preferred to the cost and risk of capital investment in a domestic company. In most cases, a branch-office operation cannot be counted on to attract strong local support, and this can be important in the development and procurement of indigenous manuscripts.

D. Establish a partnership or other working association with a local publishing firm. This arrangement is not likely to require much capital from the American publisher, and the various possibilities for cooperation are infinite, ranging from the licensing by the U.S. publisher of his titles for translation or reprinting to instituting a system whereby the U.S. publisher provides specified services and/or training. A few examples will illustrate the variety of possible arrangements.

1. If the objective is to produce indigenous books, the U.S. partner might help in editorial planning and development, and assist the domestic partner in handling production,

marketing, and distribution.

2. If the objective is to produce translations, the U.S. partner could contract to supply translation rights plus editorial and production services. Here the U.S. partner assumes responsibility for the translation of the titles jointly selected, editing the manuscripts, and seeing the books through the press. To accomplish this he might establish an editor and production supervisor in the other country and thus provide expert knowledge and skills not otherwise available to his partner.

3. If the objective is to produce English-language reprints of the U.S. partner's titles, the U.S. partner could provide rights under a licensing agreement which includes management and/or advisory services to help the domestic partner with, say, marketing and distribution.

4. If the objective is to improve the domestic partner's procedures, the U.S. partner could establish a contract for advisory, management, or training services on any or all of the functional aspects of publishing. Here, as in the three preceding examples, it may be to the U.S. partner's advantage to work out an arrangement whereby he is paid for services on some kind of a royalty basis, since in some developing countries, royalties, unlike profits, are not taxed and are freely transferable.

5. If the books produced under any such partnership arrangement as suggested above have substantial export potential, the U.S. partner could handle international sales, the domestic partner, the sales within the country.

The foregoing are merely to suggest the almost

infinite number of possible working arrangements that could be developed between a U.S. publisher and a partner firm in a developing country. But whatever the arrangement, it is bound to have advantages and disadvantages to either side. Flexibility and a willingness to make concessions are basic requirements on both sides. And always it should be recognized that any kind of joint venture that does not provide substantial benefits to both sides is unlikely to succeed.

Benefits to the U.S. publisher

In engaging in publishing ventures in developing countries, the U.S. publisher must in most instances look to long-range rather than immediate benefits. He must also look to intangible as well as tangible benefits, and to societal as well as personal or corporate benefits. And he must be prepared to measure results flexibly for each separate venture.

With regard to earnings, a fairly long-range expectance is in order, though in some instances immediate net income can be developed. Royalty income can be quicker and surer, but profit income can be higher. As

a rule the rate of profit on investment can be quite satisfactory, because operating capital usually goes a long way in a developing country.

Through the experience a U.S. publisher gains in a country's trading practices and local markets, and by establishing the company's imprint and "presence" in the country, he is very soon much better able to promote export sales to the country. Furthermore, in helping to build and support book publishing skills, and by increasing literacy and improving education, he is promoting economic progress and political stability in nations that will eventually provide extensive export markets for U.S. books. This is a long-range benefit, but in several developing nations the potential can eventually be very large.

In some countries the U.S. publisher will be able to promote the prestige and welfare of his U.S. authors by producing more translations of their works. At the same time he is gaining direct knowledge of the intellectual and literary life of the developing country for the purpose of translating and propagating the work of its emerging authors.

Benefits to the developing-country publisher

It has already been stated that any kind of joint venture that does not prove substantial benefits to both sides is unlikely to succeed. From the foregoing it can be seen that the benefits to the U.S. partner can be quite substantial. Are they balanced by equally substantial benefits for his developing-country partner?

Perhaps the most tangible and immediate benefit for him is the investment of low-cost U.S. capital, in one form or another, to provide for capital expansion or added working capital, or both, as required. In most developing countries this is the most important and the most sought of all possible benefits to a book publishing enterprise.

Also tangible and almost as immediate are preferred access to the U.S. partner's published books for translation or, when feasible, reprinting of the English-language edition for the national or regional market. Another tangible benefit is help in developing operating knowledge and skills in book publishing. Specifically this help might embrace any or all of the following:

1. The company's organizational structure and general management methods, including accounting.

2. Manuscript procurement and editing; planning and preparation of revisions with efficiency and economy; preparation of copy for the printer and supervision of his work; design, illustration, layout, proofreading, page make-up, and indexing (the editorial and production functions described earlier).

3. Marketing, including publicity, advertising, direct mail sales, sales to institutions and dealers on a national scale, export sales (if the potential exists, the U.S. partner's international mailing lists are important here.)

4. Warehousing, packing, and shipping methods and facilities.

5. Management of copyrights, translation rights, and serial republication rights.

All of these are possible tangible benefits. In addition, numerous intangible benefits can be realized:

1. Prestige and promotional value of association with the U.S. partner's imprint.

2. Establishment of channels for information about the development of related non-book educational material that may be imported or adapted for local sale to schools.

3. Help in pursuing beneficial relations with local booksellers, librarians, educators, government officials, and other opinion-molders.

4. Help in effective participation in a na-

tional effort to increase public awareness of the value of books and to create effective markets for them.

5. Help in any necessary effort to overcome existing or threatened barriers to the free flow and wide use of books within his nation.

Any or all of this roster of possible benefits could serve to enhance the prestige of a developing country publishing firm and the industry generally, to increase sales and profits, and to enable the production of the kinds of books needed for the nation's development.

5. HOW THE U.S. GOVERNMENT CAN HELP

The U.S. Government sponsors several programs that provide incentives to U.S. private industry for commercial investments in developing countries. These programs have been of limited use to book publishers because they are tailored more to the needs of the "hard-goods" and heavy construction industries. However, depending upon his objectives a publisher could still make use of them; hence all of them should be better known to the U.S. book industry and especially to the textbook sector.

Locating opportunities in developing countries

A. AID Private Investment Center. This division of AID, through its investment survey program can provide financial assistance to potential investors to investigate specific opportunities in the developing countries which might contribute to the achievement of AID's objectives. Under this program if the prospective investor following his survey decides to make the investment, he bears all the expenses of the survey and retains exclusive rights to the information derived. But if he decides not to make the investment, AID will pay up to

50% of the approved survey costs provided the surveyor has complied with the terms of the survey agreement. Chief among these terms is the timely submission of a professionally acceptable technical survey report. The report and other proceeds of the survey become the property of the U.S. Government.

B. The Inter-American Investment Development Center (IIDC). This is a private business organization created in 1967 with financial support from AID. Its purpose is to bring U.S. private investors face-to-face with Latin American business opportunities. It operates as an autonomous, non-profit division of the Council for International Progress in Management (USA), Inc. The address of the Center is 845 Third Avenue, New York, 10022. The program's "target and course of action" has been stated as follows:

> To encourage the investment of private U.S. capital, technology, and management capabilities in Latin America. A development center which acts as an investment clearinghouse has been established to receive project proposals from Latin American development banks and other development institutions. Evaluated investment opportunities are facilitated for medium sized U.S. firms who have heretofore not had access to an organized mechanism for identifying investment opportunities. Through income earned in the form of 'finders fees', the customary percentage

paid to investment promotion firms by investors, it is planned that the Center will become self-sustaining. AID funding will be gradually decreased and phased out in approximately four years. The return sought is investment at a $50:1 to $100:1 ratio of private financing for each U.S. government dollar expenditure.

Investment Guaranties

The AID Private Investment Center also administers two programs under which it is possible for an entrepreneur investing in a developing country to secure guaranties against certain risks. Under the first of these programs, the Investment Guaranty Program, AID will enter into a contract to guarantee eligible United States citizens (individuals and business organizations) against certain political risks in more than 85 developing countries and in a number of overseas dependencies of the industrialized countries (see Appendix for list). As in the investment survey program, the purpose is to encourage private U.S. investments abroad which will further the development of the economic resources and productive capacities of such countries, raise the standards of living and increase technical efficiency. Consequently, guaranties are avail-

able only for new investments and the expansion and modernization of existing enterprises, not for the purchase of existing investments or for investments which were irrevocably committed before application for a guaranty was made.

This program provides investment guaranties against the following political risks:

1. Inability to convert into dollars, foreign currency representing earnings on, or return of, the investment, or compensation of the investment.

2. Loss due to expropriation or confiscation of the investment.

3. Damage to the physical assets of the investment attributable to war, revolution or insurrection.

Projects in which investments are being made must be approved by AID and by the host foreign government as furthering the developmental purposes discussed above. There is no restriction as to the size of the investments which may be guaranteed.

Extended Risk Guaranty Program. For certain high-priority projects in all but a small number of the 85 countries referred to above, this program can provide protection against losses due to all risks (except

fraud or misconduct of the investor), on up to 75% of a debt investment and 50% of an equity investment in a private foreign enterprise. Any portion of the investment not covered by an extended risk guaranty may be insured under AID's specific risk guaranty program discussed in the preceding paragraph. Under the extended risk guaranty program, AID is interested in investments which will lead to the establishment, expansion or modernization of productive facilities, principally those concerned with the improvement of food supplies.

Investment Loans

A. Local Currency Loans. Under Public Law 480 (the Agricultural Trade Development and Assistance Act of 1954) certain of the foreign currencies received by the U.S. Government in payment for agricultural commodities may be lent to qualified borrowers to develop business and expand trade. These local currency loans, usually referred to as "Cooley Loans," are available to (a) U.S. firms for business development and trade expansion in the foreign country, or (b) either U.S. firms or firms of the local country for ex-

panding markets for, and consumption of, U.S. agricultural products abroad.

In some countries there are other local currency funds available for lending to private enterprise. AID participates in their establishment and provides guidance in their use, but does not itself make the loans. Inquiries about the availability of such local currency funds in a specific country should be addressed to the U.S. AID Mission in the country, in care of the American Embassy, or to the appropriate regional bureau in AID/Washington.

B. Dollar Loans. AID has authority, under the Foreign Assistance Act of 1961, to make dollar loans to private (as well as public) enterprise, both U.S. and foreign. Normally, U.S. dollar loans are to be used to cover the U.S. procurement component of the project, with a few exceptions permitted. The Administrator of AID, before authorizing loans, must take into account the availability of financing from other free world sources on reasonable terms. Hence, a prospective borrower should investigate a number of private and other public institutions before making formal application to AID.

Indirect Financial Assistance

In certain developing countries there are excesses of U.S. owned local currencies that may be used to great advantage in financing indigenous book production programs. (The present list of excess-currency countries includes Burma, Ceylon, Guinea, India, Israel, Morocco, Pakistan, Poland, Tunisia, U.A.R., and Yugoslavia.) These excess currencies may be acquired only by departments or agencies of the U.S. Government through purchase or appropriation, or through allocation by the Budget Bureau with informal concurrence of appropriate Congressional committees. Use of funds thus acquired must be programmed by U.S. embassy or mission officials, and each stipulated use must, of course, be approved by the government of the host country.

While these excess local-currency funds are not available directly to commercial publishers, they may be spent on a program that serves as a market incentive to U.S.-publisher participation. Such a program now under way in India for the reprinting of college-level English-language textbooks is subsidized by an annual allocation of the equivalent of

$3,000,000 in rupees. This expenditure supports the reprint of approximately 200 titles annually, averaging some 3500 copies each. AID funds support science and technology titles; USIA funds support social science and humanities titles. Selection of the titles to be reprinted is the joint responsibility of the Indian Ministry of Education and the U.S. Mission in India. The reprinted editions are produced and sold by commercial publishers.

A similar program in Yugoslavia produces college-level texts (mainly in science and agriculture) in Serbo-Croation editions under an executive arrangement between the governments of that country and the U.S. This five-year program is financed by an annual allocation of the equivalent of $250,000 in dinars. It produces about fifty titles annually, which are selected by the Yugoslav Ministry of Education and approved by the U.S. Mission.

Smaller book programs supported by excess-currency funds are now being phased out in Indonesia, Poland, Pakistan and the U.A.R.

When a situation is identified in an excess-currency country where the availability of local currency

could support an effort to strengthen local publishing. it should be reported and tentative proposals submitted to AID/Washington or USIA/Washington.

6. HOW TO EXPLORE BOOK PUBLISHING POTENTIALITIES

Areas to investigate

The U.S. official on the scene who wishes to explore further the possibility of involvement by U.S. publishers in local book publishing will want to become fully informed about the local situation. By seeking out local officials, educators, publishers, printers, distributors, booksellers, and librarians he can learn a great deal. Visits to schools, printing plants and bookstores will also give him a feeling of some of the local problems. The local U.S. Embassy, particularly the commercial attachés office, may have useful information on the local printing and/or paper industries. The following areas are ones that should be investigated:

1. The organizational pattern of the educational system; the enrollments at elementary, secondary and tertiary levels; the curricula offered; the use of textbooks and effective demand and present supply of them at each level; the professional capability for textbook writing and translation, etc.

2. The effective demand and supply of general books.

3. The effective demand and supply of books for

on-the-job training and professional use.

4. The country's library systems to determine their size, needs, and purchasing power.

5. The existing book publishing industry, the established firms and their particular areas of interest and competence; the number and classification of titles published annually; the size of printings; the total volume of sales; and the general attitude toward foreign participation in their industry.

6. The existing book trade to determine its wholesale and retail components and its ability to sell consumers on both local and national scales; its ability to service libraries and schools; its sales by major categories of books; and its trading relations with publishers.

7. The facilities and general competence of the existing book manufacturing industry and the supply of book manufacturing materials. (Special attention should be given to book-binding machinery because in most developing countries printing facilities are far better than binding facilities.) Here it is well to remember that manufacturing facilities are not absolutely necessary for the establishment of a publishing industry. If necessary, manufacturing can be done in another country. Book manufacturing materials and bound books are very transportable.

8. The willingness of banks and other financial institutions to provide venture capital to finance private publishing enterprises and the terms and interest rates on the loan of such capital. Also the willingness of the government to provide

loans or guaranties of loans for book development enterprises.

9. Legislation, import duties, foreign exchange restrictions effecting the local book industry (as discussed earlier)

Next steps

If these investigations develop an encouraging picture, the investigator should then make more direct inquiries of a few of the country's leading publishers regarding their individual interest in possible joint ventures with U.S. publishers. Where sufficient interest is expressed, it might be well to inquire specifically about the names of American firms, or types of firms, to which the interest runs in each case.

Where expert technical assistance is needed for a particular area of investigation, requests for such assistance should be made of AID/Washington.

The final step is to report a summary of findings and recommendations to AID/Washington. AID/Washington will then be responsible for relaying the report to the U.S. book industry through established trade-organization channels and for following through on expression of interest.

APPENDIX A

COUNTRIES IN WHICH AID IS CURRENTLY OPERATING

AFRICA

Botswana
Burundi
Cameroon
Central African Rep.
Chad
Congo
Dahomey
Ethiopia
Gabon
Gambia
Ghana
Guinea
Ivory Coast
Lesotho
Liberia
Malagasy Republic
Malawi
Mali
Mauritius
Morocco
Kenya
Niger
Nigeria
Rwanda
Senegal
Sierra Leone
Somali Republic
Swaziland
Tanzania
Tunisia
Uganda
Zambia

EAST ASIA

Burma
Indonesia
Korea
Laos
Philippines
Thailand
Vietnam

NEAR EAST/SOUTH ASIA

Afghanistan
India
Jordan
Nepal
Pakistan
Turkey

LATIN AMERICA

Argentina
Bolivia
Brazil
Central America:
Costa Rica
El Salvador
Guatemala
Honduras
Nicaragua
Chile
Colombia
Dominican Republic
Ecuador
Guyana
Haiti
Jamaica
Mexico
Panama
Paraguay
Peru
Uruguay
Venezuela

APPENDIX B

A G E N C Y F O R I N T E R N A T I O N A L D E V E L O P M E N T
OFFICE OF PRIVATE RESOURCES

Specific Risk Insurance Division
Washington, D. C. 20523

COUNTRIES OR AREAS WITH INVESTMENT GUARANTY AGREEMENTS - December 2, 1968

Availability of investment insurance subject to change without notice. The following countries are those with which the United States has executed the necessary documents for an investment insurance program. Changing economic and political situations may affect availability of insurance and, therefore, no commitments should be made as to available coverage on basis of this list without contacting the A.I.D. Insurance Division.

Convertibility	Expropriation	War, Revolution & Insurrection	Extended Risk
Afghanistan	Afghanistan	*Afghanistan	--
Antigua	Antigua	Antigua	Antigua
Argentina	1/Argentina	1/Argentina	1/Argentina
Barbados	Barbados	Barbados	Barbados
Bolivia	Bolivia	Bolivia	Bolivia
Botswana	Botswana	Botswana	Botswana
Brazil	Brazil	Brazil	Brazil
British Honduras	British Honduras	British Honduras	British Honduras
Cameroon	Cameroon	Cameroon	Cameroon
Central African Rep.	Central African Rep.	Central African Rep.	Central African Rep.
Ceylon	Ceylon	Ceylon	Ceylon
Chad	Chad	Chad	Chad
Chile	Chile	Chile	Chile
China, Rep. of	China, Rep. of	China, Rep. of	China, Rep. of
Colombia	Colombia	Colombia	Colombia
2/Congo (Brazzaville)	2/Congo (Brazzaville)	2/Congo (Brazzaville)	2/Congo (Brazzaville)
Congo (Kinshasa)	Congo (Kinshasa)	Congo (Kinshasa)	Congo (Kinshasa)
Costa Rica	Costa Rica	1/Costa Rica	1/Costa Rica
Cyprus	Cyprus	Cyprus	Cyprus
Dahomey	Dahomey	Dahomey	Dahomey
Dominica	Dominica	Dominica	Dominica
Dominican Rep.	Dominican Rep.	Dominican Rep.	Dominican Rep.
Ecuador	Ecuador	Ecuador	Ecuador
El Salvador	El Salvador	--	--
Ethiopia	Ethiopia	Ethiopia	Ethiopia
Gabon	Gabon	Gabon	Gabon
Gambia	Gambia	Gambia	Gambia
Ghana	Ghana	Ghana	Ghana
Greece	Greece	Greece	Greece
Grenada	Grenada	Grenada	Grenada
2/Guatemala	2/Guatemala	--	--
Guinea	Guinea	Guinea	Guinea
Guyana	Guyana	Guyana	Guyana
Haiti	Haiti	--	--

COUNTRIES OR AREAS WITH INVESTMENT GUARANTY AGREEMENTS (Con'd.)

Convertibility	Expropriation	War, Revolution & Insurrection	Extended Risk
Honduras	Honduras	Honduras	Honduras
India	India	India	India
Indonesia	Indonesia	Indonesia	Indonesia
Iran	Iran	--	--
Israel	Israel	Israel	Israel
Ivory Coast	Ivory Coast	Ivory Coast	Ivory Coast
Jamaica	Jamaica	Jamaica	Jamaica
Jordan	Jordan	Jordan	Jordan
Kenya	Kenya	Kenya	Kenya
Korea	Korea	Korea	Korea
Laos	Laos	Laos	Laos
Lesotho	Lesotho	Lesotho	Lesotho
Liberia	Liberia	Liberia	Liberia
Malagasy	Malagasy	Malagasy	Malagasy
Malawi	Malawi	Malawi	Malawi
Malaysia	Malaysia	Malaysia	Malaysia
Mali	Mali	Mali	Mali
Malta	Malta	Malta	Malta
Mauritania 2/	Mauritania 2/	Mauritania 2/	Mauritania 2/
Morocco	Morocco	Morocco	Morocco
Nepal	Nepal	Nepal	Nepal
Nicaragua	Nicaragua	Nicaragua	Nicaragua
Niger	Niger	Niger	Niger
Nigeria	**Nigeria	--	--
Pakistan	Pakistan	Pakistan	Pakistan
Panama	Panama	Panama	--
Paraguay	Paraguay	Paraguay	Paraguay
Peru	--	--	--
Philippines	Philippines	Philippines	Philippines
Portugal	Portugal	--	--
Rwanda	Rwanda	Rwanda	Rwanda
Senegal	Senegal	Senegal	Senegal
Sierra Leone	Sierra Leone	Sierra Leone	Sierra Leone
Singapore	Singapore	Singapore	Singapore
Somalia	Somalia	Somalia	Somalia
**St. Christ.-Nevis-Ang.	St. Christ.-Nevis-Ang.	St. Christ.-Nevis Ang.	St. Christ.-Nevis Ang.
St. Lucia	St. Lucia	St. Lucia	St. Lucia
Sudan 2/	Sudan 2/	Sudan 2/	Sudan 2/
Swaziland	Swaziland	Swaziland	Swaziland
Tanzania (Mainland only)	Tanzania (Mainland)	Tanzania (Mainland)	Tanzania (Mainland
Thailand	Thailand	Thailand	Thailand
Togo	Togo	Togo	Togo
Trinidad-Tobago	Trinidad-Tobago	Trinidad-Tobago	Trinidad-Tobago
Tunisia	Tunisia	Tunisia	Tunisia
Turkey	Turkey	Turkey	Turkey
Uganda	Uganda	Uganda	Uganda
Upper Volta	Upper Volta	Upper Volta	Upper Volta
U.A.R. (Egypt) 2/	U.A.R. (Egypt) 2/	U.A.R.(Egypt) 2/	U.A.R. (Egypt) 2/

COUNTRIES OR AREAS WITH INVESTMENT GUARANTY AGREEMENTS (Cont'd.)

Convertibility	Expropriation	War, Revolution & Insurrection	Extended Risk
1/Uruguay	1/Uruguay	--	--
Vietnam	Vietnam	Vietnam	Vietnam
Venezuela	Venezuela	Venezuela	Venezuela
2/Yugoslavia	2/Yugoslavia	--	--
Zambia	Zambia	Zambia	Zambia

1/Although applications will be accepted, guaranties cannot be processed until agreement is ratified by country's legislative body and in force.
2/Restricted Availability.
* Includes only insurance against loss due to damage from war.
**Changes from November 6, 1968 list: Full agreements signed with St. Christopher-Nevis-Ang. Although economically developed countries are excluded from the Investment Insurance Program, insurance may be available for some of the underdeveloped dependencies of France, Netherlands, Portugal and the United Kingdom.

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